



Aviva Canada Inc. 10 Aviva Way, Markham, Ontario L9G 0G1

March 1, 2018

Mr. Allan Cleiren, CA, ICD.D
Chair
Automobile Insurance Rate Board
#2440 Canadian Western Place
10303 Jasper Avenue
Edmonton, AB T5J 3N6

Email: AIRB@gov.ab.ca

Dear Mr. Cleiren,

Re: AIRB's Semi-Annual Review

Aviva has reviewed the Oliver Wyman report for the AIRB's semi-annual review and appreciates the opportunity to provide comments. Other than Comprehensive coverage, Aviva broadly agrees with the loss trend factors benchmarks.

For Comprehensive coverage, Oliver Wyman comments in the 2018 Semi Annual Review that since no updated Catastrophe Report is available from GISA, same Catastrophe Provision selection and Loss Trend rates from the 2017 Annual Review are recommended.

In the latest GISA Catastrophe Report that was used to determine the 2017 Annual Review Catastrophe Provision, GISA does not treat losses from Fort McMurray wildfire as catastrophe, an approach that Oliver Wyman disagrees with. However, Oliver Wyman uses said GISA data to select Catastrophe Provision without any adjustment for Fort McMurray losses.

For Comprehensive Loss Cost trends selection, Oliver Wyman uses loss cost experience over 13 years from 2002 to 2014, in order to exclude the Fort McMurray event.

Therefore, with the combination of the GISA Catastrophe Report not categorizing Fort McMurray losses as catastrophe losses, and excluding Fort McMurray wildfire losses from Comprehensive Loss Trends Benchmark selection, we believe the Benchmarks related to Comprehensive coverage are understated.

Our recommendation is to classify Fort McMurray as a Catastrophe and include the losses in the Catastrophe provision calculation.

Overall, Aviva continues to have serious concerns about deterioration for Bodily Injury, Accident Benefits, Collision, and Comprehensive for Alberta PPV – these issues are compounded by the Ministerial Order that freezes rates for 2018 to 5% and AIRB's decision in Notice 05-2017 which states that they are unlikely to approve PPV rate increases greater than 10% over a cumulative 12-month period. This situation is unsustainable and we need the Government to take actions to stabilize insurance loss costs.

If you would like to discuss further, Aviva representatives are available to discuss.

Sincerely,

Aviva Canada Inc.



Kristen Gill

Head of Personal Insurance

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cc: Del Dyck, Executive Director, AIRB
Del.Dyck@gov.ab.ca